GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1195
ANSWERED ON:24.10.2008
MINIMUM PUBLIC HOLDING IN LISTED COMPANIES
Gaikwad Shri Eknath Mahadeo;Mane Smt. Nivedita;Yaskhi Shri Madhu Goud

Will the Minister of FINANCE be pleased to state:

(a) whether the Government is contemplating to take a decision regarding minimum public holding of twenty five percent in the listed companies;

(b) if so, the details thereof and the objectives behind this move;and

(c) the time by which it is likely to be done?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI PAWAN KUMAR BANSAL)

(a) to (c): The Government had put up a discussion paper in the web site of Ministry of Finance suggesting,inter alia,that the threshold level of minimum public holding be prescribed as 25% of the issued capital.The discussion paper also suggests that for a company to be listed and continue to be listed,it must have a ` public` stake of 25%.If for any reasons the public holding reduces below 25%,the promoters,management and company be made jointly and severally liable to bring the public holding to 25%, in the manner prescribed by Securities and Exchange Board of India(SEBI).

The objective is to bring reasonable depth in the market so that the prices of the securities are not susceptible to manipulation.As this issue is at an early conceptual stage,some time will be required before a finally agreed view and decision thereafter is arrived at.